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**ILLINOIS COMMERCE COMMISSION**

**ORIGINAL**

STATE OF ILLINOIS

**ILLINOIS COMMERCE COMMISSION**

Utilities, Inc.  
Wildwood Water Service Company  
Wildwood Utility Co.

Application for: (1) authorization to carry out the terms of a Purchase Agreement between Utilities, Inc. and Wildwood Utility Co. providing for the acquisition by the former of all of the assets of the latter; (2) cancellation of the Certificate of Public Convenience and Necessity currently held by Wildwood Utility Co. and authorization for it to abandon its public utility business; (3) issuance to Wildwood Water Service Company of a Certificate of Public Convenience and Necessity for the properties and assets to be transferred to it under the Purchase Agreement and the service area currently served by Wildwood Utility Co.; (4) authorization for Wildwood Water Service Company to adopt for the service area presently served by Wildwood Utility Co., the rates, rules and regulations presently applicable in that area; (5) authorization for Wildwood Water Service Company to enter into a service contract with Water Service Corp., a subsidiary of Utilities, Inc., for the furnishing of certain administrative, engineering, operating, accounting, legal, construction, billing, and customer relations services by Water Service Corp.

01-0178

ILLINOIS COMMERCE COMMISSION  
FEB 20 10 53 AM '01  
CHIEF CLERK'S OFFICE

**JOINT PETITION**

To the Illinois Commerce Commission:

Utilities, Inc., Wildwood Water Service Company and Wildwood Utility Co., sometimes hereinafter referred to jointly as "Petitioners," seek approval from the Illinois Commerce Commission for Wildwood Water Service Company to purchase the assets of Wildwood Utility Co., for Wildwood Water Service Company to continue the public utility business of Wildwood Utility Co., in a substantially unchanged manner, and for related matters as more specifically set forth in this Petition. The Closing Date for the proposed purchase will be within thirty days following approval of this petition by the Commission.

In support of their Petition, Petitioners state as follows:

**I. The Parties to the Proposed Transaction**

1. Utilities, Inc. is the parent company of Wildwood Water Service Company. Wildwood Water Service Company is incorporated under the laws of the State of Illinois, and Utilities, Inc. hereby requests permission to assign the rights under the Purchase Agreement entered into by Utilities, Inc. and Wildwood Utility Co. (the "Agreement", attached as Exhibit A) to Wildwood Water Service Company (In light of the proposed assignment, which is required by the Agreement, and the fact that Wildwood Water Service Company will be the regulated entity,

for purposes of clarity and simplicity all rights and obligations of Utilities, Inc. under the Agreement and applicable law will be referred to in this Petition as rights and obligations of Wildwood Water Service Company.) Wildwood Water Service Company will furnish public utility water service to the Wildwood Utility Co.'s approximately 200 customers in Winnebago County, Illinois. Utilities, Inc. also owns twenty-one other water and sewer utility companies in the state of Illinois, serving approximately 9,900 water customers and 2,500 sewer customers.

2. All of the issued and outstanding shares of stock of Wildwood Water Service Company are and will be owned by Utilities, Inc., an Illinois corporation.

3. As a result of discussions between Wildwood Water Service Company and Wildwood Utility Co. concerning the possible sale of Wildwood Utility Co.'s public utility property and assets to Wildwood Water Service Company, the parties entered into the Agreement.

4. Pursuant to and in accordance with the terms of the Agreement, Wildwood Utility Co. will deliver to Wildwood Water Service Company all of Wildwood Utility Co.'s right, title, and interest in and to all of the properties and assets of Wildwood Utility Co. for the purchase price of \$123,000 for the water facilities, increased by the amount of any cash or current accounts receivable transferred by Wildwood Utility Co. to Wildwood Water Service Company and decreased by any liabilities assumed by Wildwood Water Service Company.

5. From and after the Closing Date, Wildwood Water Service Company intends to continue Wildwood Utility Co.'s public utility business in a substantially unchanged manner, except that the business will be operated as a subsidiary of Utilities, Inc. The Wildwood Utility Co. service area will be subject to a tariff separate from the tariff(s) applicable to the customers of each other Utilities, Inc. operating public utility subsidiary, and the operating and maintenance expenses attributable to the Wildwood Utility Co. service area will be ascertainable, allowing for a separate rate determination of its cost of service in order to prevent cross-subsidization of operating and maintenance expenses between customer groups.

6. No officer or director of Wildwood Water Service Company owns any stock of Wildwood Utility Co. or has any interest in the proposed transaction within the meaning of Section 6-102 of the Public Utilities Act, 220 ILCS 5/101 et seq. (the "Act"); nor do Wildwood Water Service Company and Wildwood Utility Co. have any officers or directors in common.

7. Petitioners do not anticipate any opposition by any public utility, municipal corporation, person, firm, or corporation to the transaction proposed herein, or to the continued operation and maintenance of Wildwood Utility Co.'s public utility assets and properties by Wildwood Water Service Company, or to Wildwood Water Service Company's carrying on of the business of furnishing public water utility service in the area currently

served by Wildwood Utility Co.

8. Accordingly, Wildwood Water Service Company and Wildwood Utility Co. seek the consent and approval of this Commission, under Section 7-102 of the Act, for the purchase by Wildwood Water Service Company of Wildwood Utility Co.'s public utility assets as set forth in the Agreement.

## II. The Service Contract Agreement

9. Water Service Corp. is a wholly-owned subsidiary of Utilities, Inc. which provides, at cost, certain administrative, engineering, operating, accounting, legal, construction, billing and customer services to Utilities, Inc.'s operating subsidiaries pursuant to a service contract previously approved by the Commission with respect to Utilities, Inc.'s Illinois operating subsidiaries.

10. Upon Commission approval of Wildwood Water Service Company to provide water public utility service in the proposed certificated area, Wildwood Water Service Company proposes to become a party to the service contract with Water Service Corp. in order to obtain services that are necessary in the conduct of its business as a public utility.

11. Because Wildwood Water Service Company and Water Service Corp. are "affiliated interests" within the meaning of Section 7-101 of the Act, Wildwood Water Service Company requests the consent and approval of this Commission, under Section 7-101 of the Act, to enter into the service contract with Water Service Corp.

## III. Wildwood Utility Co.'s Proposed Abandonment of Its Utility Business

12. Wildwood Utility Co. will operate and maintain its public utility business until the Closing Date. From and after the Closing Date, Wildwood Utility Co. proposes to abandon its public utility business and Wildwood Water Service Company proposes to carry on the public utility business now conducted by Wildwood Utility Co.

13. Wildwood Utility Co. seeks the approval of this Commission, under Section 8-508 of the Act, to discontinue, as of the Closing Date, public utility service in the Wildwood Utility Co. service area and cancellation of its Certificate of Public Convenience and Necessity to provide said public utility service.

## IV. Proposed Issuance to Wildwood Water Service Company of a Certificate of Public Convenience and Necessity

14. The public convenience and necessity requires the proposed transaction and,

accordingly, Wildwood Water Service Company requests that the Commission, under Section 8-406 of the Act, grant Wildwood Water Service Company a Certificate of Public Convenience and Necessity to operate and maintain the water system and to engage in the business of furnishing public water utility service in the Wildwood Utility Co. service area. Wildwood Water Service Company further requests that this area, the legal description of which is contained in the attachment to Exhibit A, be defined in the Order entered in this proceeding and that the Certificate of Public Convenience and Necessity requested by Wildwood Water Service Company be effective from and after the Closing Date.

V. Proposed Rates, Rules and Regulations

15. From and after the Closing Date, Wildwood Water Service Company proposes to provide water utility service to the public pursuant to the rates, rules, regulations, and terms and conditions of service which have been approved by this Commission and which are currently in effect in the Wildwood Utility Co. service area, subject to any changes hereafter approved by the Commission, and to continue all services currently provided by Wildwood Utility Co. without interruption or change.

16. Accordingly, Wildwood Water Service Company requests the consent and approval of the Commission to provide public water utility service in the Wildwood Utility Co. area pursuant to the rates, rules, requirements, and terms and conditions of service from and after the Closing Date as set forth in this petition.

VI. The Proposed Financing of Transactions of Wildwood Water Service Company by Utilities, Inc., an Affiliated Interest

17. Wildwood Water Service Company, Inc. is a wholly-owned subsidiary of Utilities, Inc., and the two are therefore "affiliated interests" within the meaning of Section 7-101 of the Act.

18. Wildwood Water Service Company proposes to finance its acquisition of the property and assets of Wildwood Utility Co. through funds provided by Utilities, Inc. and reflected on the books of Wildwood Water Service Company as common equity. For rate-making purposes, however, the capital structure of Wildwood Water Service Company will be deemed to be the capital structure of Utilities, Inc., which is currently approximately 50% debt and 50% equity.

19. Intercompany funding provides the lowest cost of financing for Wildwood Water Service Company. The proposed financing will not have adverse financial consequences for Utilities, Inc. or Wildwood Water Service Company, nor will the proposed financing have adverse financial consequences for Wildwood Utility Co.'s customers who will be served by

Wildwood Water Service Company after the acquisition.

20. Accordingly, Wildwood Water Service Company requests the consent and approval of the Commission, under Section 7-101 of the Act, to finance the acquisition through intercompany funding by Utilities, Inc.

**VII. Proposed Reorganization**

21. The proposed transaction between Wildwood Water Service Company and Wildwood Utility Co. constitutes a reorganization as defined by Section 7-204(a) of the Act. With respect to the proposed reorganization, Wildwood Water Service Company and Wildwood Utility Co. state that:

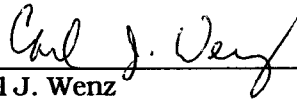
- (a) the proposed reorganization will not diminish Wildwood Water Service Company's ability to provide adequate, reliable, efficient, safe and least-cost public utility service;
- (b) the proposed reorganization will not result in the unjustified subsidization of non-utility activities by Wildwood Water Service Company or its customers;
- (c) costs and facilities are fairly allocated between utility and non-utility activities in such a manner that the Commission may identify those costs and facilities which are properly included by Wildwood Water Service Company for ratemaking purposes;
- (d) the proposed reorganization will not significantly impair Wildwood Water Service Company's ability to raise necessary capital on reasonable terms or to maintain a reasonable capital structure;
- (e) Wildwood Water Service Company will remain subject to all applicable laws, regulations, rules, decisions and policies governing the regulation of Illinois public utilities;
- (f) the proposed reorganization is not likely to have a significant adverse effect on competition in those markets over which the Commission has jurisdiction; and
- (g) the proposed reorganization is not likely to result in any adverse rate impacts on retail customers.

20. Accordingly, Wildwood Water Service Company and Wildwood Utility Co. request the consent and approval of this Commission, under Section 7-204(b) of the Act, to effect the proposed reorganization.

WHEREFORE, Wildwood Water Service Company and Wildwood Utility Co. request that the Commission enter an order granting authorization, consent, and approval of the transactions described in this Joint Petition and specifically to:

- (1) authorize Wildwood Water Service Company and Wildwood Utility Co. to perform the Agreement providing for the transfer to Wildwood Water Service Company of all of Wildwood Utility Co.'s right, title, and interest in and to all of the property and assets;
- (2) authorize Wildwood Water Service Company to finance the acquisition through funds provided by Utilities, Inc.;
- (3) cancel all Certificates of Public Convenience and Necessity which Wildwood Utility Co. possesses for providing public utility service and authorize Wildwood Utility Co.'s abandonment of its public utility business;
- (4) grant to Wildwood Water Service Company a Certificate of Public Convenience and Necessity authorizing Wildwood Water Service Company to operate and maintain the water system and facilities of Wildwood Utility Co. and to continue to transact the business of furnishing public water utility service;
- (5) authorize Wildwood Water Service Company to adopt for the Wildwood Utility Co. service area, the rates, rules, regulations, and terms and conditions of service presently applicable in that area, and as may hereafter be approved by this Commission;
- (6) authorize Wildwood Water Service Company to enter into the service contract with Water Service Corp. for services necessary in the conduct of business as a public utility; and
- (7) authorize Wildwood Water Service Company and Wildwood Utility Co. to perform any and all other acts which may be necessary or desirable to carry out the provisions of the Agreement.

Respectfully submitted,



Carl J. Wenz  
Vice President of Regulatory Matters

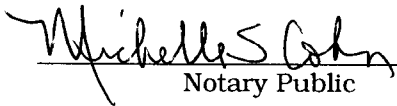
Utilities, Inc.  
Wildwood Water Service Company  
2335 Sanders Rd.  
Northbrook, Illinois 60062  
(847) 498-6440

**VERIFICATION**

I, CARL J. WENZ, being duly sworn upon oath, state that I am VICE PRESIDENT, REGULATORY MATTERS, of UTILITIES, INC., an ILLINOIS corporation; that I have read the foregoing Petition subscribed by me and know the contents thereof; and that said contents are true and correct.

  
\_\_\_\_\_  
Carl J. Wenz

SWORN TO and subscribed before me  
this 8<sup>th</sup> day of February, 2001.

  
\_\_\_\_\_  
Notary Public

(SEAL)

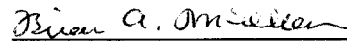


**CERTIFICATE OF SERVICE**

I, Brian A. McAleenan, attorney for Utilities, Inc. and Wildwood Water Service Company, hereby certify that, pursuant to Section 200.150 of the Commission's Rules, I have caused a copy of the foregoing Joint Petition, with Exhibits, on the following municipalities:

City of Rockford  
Bill Bittner, Director - Public Works Dept.  
City Hall Building  
425 East State Street  
Rockford, IL 61104  
(815) 987-5570

Village of Cherry Valley  
Joe Caveny, Director - Public Works Dept.  
Village Hall  
P.O. Box 368  
Cherry Valley, IL 61016  
(815) 332-3441

  
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Brian A. McAleenan